

# Tennessee State Board of Accountancy

## MEETING MINUTES

April 25, 2008

The meeting of the Tennessee State Board of Accountancy convened in the Davy Crockett Tower, Nashville, Tennessee on Friday, July 25, 2008, at 8:30 am.

Board members present: Vic Alexander, chairman; Stanley Sawyer, vice-chairman; William Underwood, secretary; William Blaufuss, Jennifer Brundige, Alfred Creswell, Teresa Jeter-McAvoy, Lisa Stickel, and Douglas Warren.

Board members absent: Kenneth Cozart, CPA and Shannone Raybon, Attorney-at Law

Also present: Mark Crocker, executive director; Michael Driver, attorney; Daniel Syriac and Mary Flagg, accountancy staff members; Brad Floyd, TSCPA executive director; Wendy Garvin, TSCPA member services manager; and members of Commerce and Insurance legal department.

Chairman Alexander opened the meeting and presented the following announcements. Douglas Warren has been appointed incoming chairman of the Board of Examiners. Lisa Stickel is serving on a committee for NASBA. Reappointment certificates have been received by

The Consent agenda was presented by Chairman Cozart for approval. Mr. Creswell made a motion to approve the consent agenda as presented. Ms. Jeter-McAvoy seconded the motion. Motion was approved unanimously. (Attachment 1)

Chairman Cozart yielded the floor to Executive Director, Mark Crocker for introduction of the board's attorney. Preceded by a brief biography, Michael Driver was introduced as the board's newly appointed attorney.

### **Executive Director's Report** by Mark Crocker, CPA, Executive Director

The report highlighted the NASBA Executive Directors' Conference, the recent Board of Examiners meeting, the Director's opportunity to serve on NASBA's Accounting Licensing Database Task Force, the upcoming move of the Accountancy Board staff office, and proposed accountancy board meeting dates for the coming year. It was noted that the city's marathon schedule conflicted with the April, 2008 meeting date and created a lack of availability of hotel accommodations for some board members. Mr. Cozart and Mr. Underwood asked if the April, 2009 proposed meeting date would be the same date as the Music City Marathon. Mr. Crocker will make inquiries as to the date of the 2009 marathon.

### **Legal Report** by Michael Driver, Attorney

Mr. Driver presented the Legal report and explained that authorizing a consent order is not approving a penalty. Names of licensees subject to a formal hearing are disclosed by the department of Commerce and Insurance. The formal hearing scheduled for this date did not take place. The hearing scheduled was for

Ms. Robin M. Blaskis, CPA, license number 9260. Ms. Blaskis also held firm permit number 760. Immediately prior to the start of the hearing, Ms. Blaskis signed and delivered a Consent Order to settle the matter. The respondent voluntarily agreed to the contents of the Agreed Order, which included revocation of her personal license and firm permit, subject to the approval of the Tennessee State Board of Accountancy. Mr. Driver recommended the Board accept the Agreed Order. Motion was made by Mr. Underwood and seconded by Mr. Alexander to accept the Agreed Order. Motion was approved unanimously. There were no further questions regarding the legal report, a motion to accept the legal report was made by Mr. Underwood and seconded by Mr. Creswell. The report was approved. (Attachment 2)

#### **Finance and Administration Report** by Stan Sawyer

Items for discussion were: review of the SWOT analysis; review of the budget; and review of the executive director's recommendation to require the return of wall certificates upon expiration of a license.

The SWOT analysis was handed out and board members asked to turn in the completed analysis at the end of today's meeting.

The budget figures to date were reviewed. Mr. Underwood requested that budget line items be explained in greater detail.

The Committee recommends that wall certificates will be returned according to Rule 0020-4-.04 when a license is revoked, suspended or expired.

Mr. Underwood made a motion to have Board policy IV Interstate Practice of Accountancy placed on the next agenda for deletion because of this rule's conflict with the mobility law. There being no further discussion, the motion was made by Ms. Stickel and seconded by Mr. Creswell to approve the report. All responded aye, the approval was unanimous.

#### **Licensing Committee Report** by Terri Jeter McAvoy

Six (6) applications were submitted for approval as Tennessee Exempt Organizations. The Middle TN Chapter of the Association of Certified Fraud Examiners was approved as a sponsor and Bisk Education, Inc. was approved as a sponsor of a State Specific Ethics course which was also approved. One sponsor application is being used but a different application is needed for vendors applying for approval as State Specific Ethics course sponsors. This new application will be available in the near future. All approved vendors need to be listed on the Accountancy board website. The TSCPA has agreed to publish periodically a list of Tennessee Exempt Organizations and State Specific Ethics sponsors in their magazine. A brief article will accompany each published list giving general details of CPE.

CPE carryover hours will not retain a technical designation. The Board will approve PPC self-study for CPE since there is no limit on self-study CPE credits. The Committee recommended accepting scanned, faxed and emailed documents for CPE audit requirements and maintenance of these documents in an electronic format for five (5) years as opposed to only original paper documents. With no further discussion Mr. Sawyer made a motion to accept the Licensing Committee report and adopt the suggested changes. Motion seconded by Ms. Stickel. Board approved.

#### **Peer Review Committee Report** by Stan Sawyer

Peer Review stats for years 2007 and 2008 were reviewed. Twenty-six (26) new firms have been opened this year. Ten (10) or 38% were reviewed and all found to be in compliance.

The purpose of the Accountancy Board's involvement in a peer review program was discussed from a legal and administrative standpoint. Attorney Driver stated Accountancy laws and rules do not require the Board to administer a peer review program. The Board is required to have in place a Peer Review Oversight Committee (PROC). It was noted that the Board's peer review program was initiated to accommodate firms that are not members of the TSCAP or AICPA. The TSCPA and AICPA both administer a peer review program which requires participant membership. Following discussion, Mr. Sawyer made a motion to discontinue the peer review program administered by the Board and to transfer those firms to the TSCPA program. The transfer will be subject to agreement by the TSCPA to waive the membership requirement for participation in their program. The motion was seconded by Mr. Blaufuss. Motion was unanimously approved by the Board. TSCPA representative, Wendy Garvin asked that January 1, 2009 be noted as the effective date for the change in responsibility of peer review administration from the Board to the TSCPA. With no further discussion, motion was made by Mr. Sawyer to accept Ms. Gavin's proposed effective date. Motion was seconded by Mr. Underwood. Board approved. Mr. Sawyer made a motion to accept the Peer Review report. Motion seconded by Ms. Jeter-McAvoy. Board unanimously approved.

**Executive Committee Report** by Kenneth Cozart, Chairman

The recommendation of HUD for a proposed IPA roster was discussed in Committee. No action to be taken at this time.

Travel authorizations have been approved for board members attending the NASBA meeting in June. It was moved by Vic Alexander and seconded by Stan Sawyer that Lisa Stickel be nominated for the position of Regional Director for NASBA. The board approved the nomination. Inquiries had been made of the Administration regarding Ms. Stickel's service in the capacity being a conflict of issue. The response received was that no conflict of interest existed as long as the individual involved recused herself from voting on the contracting process through NASBA and TSBA. The Accountancy Board will pay all of Ms. Stickel's expenses if she is elected.

Pursuing an inquiry made at the January Board meeting it was noted that the previous executive director's salary was \$84,420 per year. A 4 and 1/2% salary increase was approved by the Board, but the increased salary was never received by the previous director.

Eight (8) applications for the Investigator position have been received and five (5) applicants have been interviewed. The Executive Director will provide candidates for board members to interview.

Board members are reminded that when making presentations they must state to their audience that any answer or opinion given is their own and not representative of the Accountancy Board.

NASBA has implemented a Communications Committee and requested that each Board select a liaison to act as their Communication Director and interact with NASBA's board. Mr. Warren moved that the Vice-Chair be assigned the duties of Communications Director. The motion was seconded by Mr. Creswell and approved by the Board.

Due to confidentiality, complaints can not be opened as a result of PCAOB reports. However, if no corrective action is taken within twelve (12) months of any noted deficiencies per PCAOB reports, the report can become the basis for a complaint. The Executive Director will track these reports. No further discussion, Mr. Cozart moved to accept the report. Ms. Jeter-McAvoy seconded. Motion was approved.

### **Old Business**

Chairman Cozart asked Ms. Jeter-McAvoy to report on the work done by the appointed committee on Board Autonomy. Ms. Jeter-McAvoy stated that she had talked to several members of the legislature as well as Brad Floyd and was encouraged to meet with Mr. Will Pugh a former board member for helpful views and insight. A meeting with Executive Director, Mark Crocker, Ms. Jeter-McAvoy and Mr. Pugh is scheduled for May 8, 2008. After the meeting, a position paper will be presented by the committee working with Ms. Jeter-McAvoy to the Board at the July board meeting to determine if the interest remains positive toward a move to autonomy. Independent and semi-independent status will be explained in the report. Lisa Stickel, Bill Underwood, Stan Sawyer, and possibly Jennifer Brundige will serve on the committee.

### **New Business**

Fee structure exploration was tabled until the issue of autonomy has been resolved.

Chairman Cozart opened the floor for nominations of members not already listed on the voting ballot for officers for year 2008-2009. No nominations were given. Ballots were passed to each board member. Voting was concluded and counted by the executive director. Officers for the Tennessee Board of Accountancy year 2008-2009 are; Vic Alexander, Chairman; Stan Sawyer, Vic-Chairman; and Bill Underwood, Secretary.

No further business was discussed. The meeting was adjourned.

Approved by: \_\_\_\_\_

Chairman Secretary